Effect of Inflation Rate on Capital Market Performance: The Nigerian Experience (1999-2016)

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ABSTRACT
This study set out to examine the effects of inflation on the performance of Nigerian capital market since democratic dispensation. Specifically, the study determined the extent to which inflation has affected all share index, stock market capitalization and value of domestic share traded. Ex Post facto research design was adopted. Data were collected from Central Bank Statistical Bulletin and Nigerian Stock Exchange Fact book. Data obtained were analyzed and coefficient correlation coefficient statistical technique was used to test the three formulated hypotheses with aid of SPSS version 20.0. The study found that there is a negative correlation between inflation rate and all share index in Nigerian and there is a negative significant correlation between inflation rate and Nigerian market capitalization. Another the level of inflation rate has a negative correlation with the value of domestic share traded in Nigeria. The implication of this study i’s that inflation increases and when there is a decline in monetary growth rate, there is a strong relationship between increase in money supply and inflation. This means that inflation is responsible for inefficiencies and non-performance of capital market. Based on this, the study recommended that all factors which cause an increase in the general price levels in the capital market such increase in all shares should be addressed with the appropriate policies so as to foster market stability.

Key words: Inflation rate, stock market, performance, all share index, value of domestic and share traded

INTRODUCTION
A unique benefit of the capital market to corporate entities is the provision of long-term, non-debt financial capital (Owolabi & Adegbite, 2013). Based on its importance in accelerating economic growth and development, government of most nations tends to have keen interest in the performance of its capital market. The concern is for sustained confidence in the market and for a strong investors’ protection arrangement (Ewah, Esang, & Bassey 2009).

The Central Bank of Nigeria is empowered to perform duties that ensure soundness of the financial and monetary system. In order to achieve the monetary stability, it is always confronted with the challenge of choosing the right strategy to apply in order to meet the envisaged end. Among the most popular and accepted strategies are, capital market targeting, exchange rate targeting, monetary targeting, nominal GDP targeting and inflation targeting. Inflation targeting is the process of offering a framework of constrained discretion in which the constraint is the inflation target and the discretion is the scope and flexibility of taking account of economic and other considerations (Kuttner & Posen 2000). Svensson (2001) viewed that inflation targeting is that form which disregards entirely the real effect of monetary policy both in the short and medium term and focuses exclusively on controlling inflation within the shortest possible time horizon.
Hence, rapid output growth and low inflation are the most common objectives of macro-economic policy. Some scholars concurs that inflation may also reduce a country's international competitiveness, by making its exports relatively more expensive, thus impaction negatively on the balance of payment, capital market performance, in addiction reducing capital accumulation and productivity growth (Owolabi & Adegbite, 2013).

Most recent literatures on the Nigeria capital market have recognized the enormous performance the market has recorded in recent times. This situation is prevalent in the Nigerian economy. Capital market provides the industries and governments long term funds to meet their long term capital requirement such as financing of fixed investment like buildings, plants, machinery, bridges, e.t.c. Despite all these enormous performance, capital market still faces setback in the economy. Capital market that has been performing enormously in its operation is invariably affected by the level of inflation in Nigeria. Inflation impedes efficient resource allocation by obscuring the signaling role of relative price changes, the most important guide to efficient economic decision-making (Fischer, 1993).

Several attempts have been made by previous writers to link the correlation between inflation rate and the capital market performance in Nigeria. (Owolabi and Adegbite (2013); Daferighe and Charlie, (2012) revealed that these measures were negatively related to inflation in convergence to a priori expectation except for TOR which showed a positive relationship. Engle and Rangel (2005) revealed that a predictable increase in the rate of inflation can slow down financial market development.

Bekaert and Engstrom (2009) states that inflation illusion suggest that when expected inflation rises, bond yields duly increase, but because equity investors incorrectly discount real cash flows using nominal rates, the increase in nominal yields leads to equity under-pricing and vice versa. Ugur (2005) brought out that expected inflation and real returns are not correlated. The results suggest there is a negative relationship between inflation and stock returns which may be caused by the negative impact of unexpected inflation on stock returns.

The capital market on the other hand has also contributes to economic growth will invariably be affected by inflation. With this, there is the need to empirically examine the effect of inflation rate on capital market performance in Nigeria.

The main aim of this study is to examine the effects of inflation rate on the performance of Nigerian capital market. Specifically, this study intends to:

1. Ascertain the extent inflation rate has correlated with all share indexes in Nigeria.
2. Determine if there is a significant relationship between inflation rate and capital market capitalization.
3. Investigate the extent at which inflation rate has affected the value of domestic share traded in Nigeria.

**REVIEW OF RELATED LITERATURE**

**Conceptual Framework**

**Capital Market**

The capital market is a network of financial institutions and infrastructure that interact to mobilize and allocate long-term funds in the economy. The market affords business firms and governments the opportunity to sell stocks and bonds, to raise long-term finds from the savings of other economic agents. The capital market is a highly specialized and organized financial market and indeed an essential agent of economic growth because of its ability to facilitate and mobilize saving and investment (Echekoba, Ezu & Egbunike, 2013).

Capital market is defined as the market where medium and long terms finance can be raised (Akingbohungbe, 1996). Capital market offers a variety of financial instruments that enable economic agents to pool, price and exchange risk. Through assets with attractive yields, liquidity and risk characteristics, it encourages saving in financial form. This is very essential for government and other institutions in need of long term funds (Nwankwo, 1999). According to Al-Faki (2006), the capital market is a network of specialized financial institutions, series of mechanism, processes and infrastructure that, in various ways facilitate the bringing together of suppliers and users of medium to long term capital for investment in economic developmental project.
Osaze and Anao (2009), assert that capital market is the cornerstone of any financial system since it provides the funds needed for financing, not only business and other economic institutions, but also the programs of government as a whole. Ilaboya and Ibrahim (2004) stress that capital market functions as an economic barometer for galvanizing economic activities.

Osaze (2000) sees the capital market as the driver of any economy to growth and development because it is essential for the long-term growth capital formation. It is crucial in the mobilization of savings and channeling of such savings to profitable self-liquidating investment. Therefore, by altering the quality of these services, the functioning of stock markets can alter the rate of economic growth (Equakun, 2005). Okereke-Onyiuke (2000) posits that the cheap source of funds from the capital market remain a critical element in the sustainable development of the economy. She enumerated the advantages of capital market financing to include no short repayment period as funds are held for medium and long term period or in perpetuity, funds to state and local government without pressures and ample time to repay loans.

**Inflation**

Ojo (2000), inflation is described as a general and persistent increase in the prices of goods and services in an economy. Inflation rate is measured as the percentage change in the price index (consumer price index, wholesale price index, producer price index etc). Gerolamo (2001) identifies the impact of inflation on interest rate as a channel through which it affects the stock market and ultimately economic growth. In studying the impact of Real Gross Domestic Product (RGDP), inflation and interest rates on stock prices of quoted companies in Nigeria, Daferighe and Aje (2009) conclude that inflation and interest rates are negatively correlated with stock prices. The inflation illusion hypothesis of Modigliani and Cohn (1970) points out, that the real effect of inflation is caused by money illusion. Bekaedt and Engstrom (2007) states that inflation illusion suggest that when expected inflation rises, bond yields duly increase, but because equity investors incorrectly discount real cash flows using nominal rates, the increase in nominal yields leads to equity under-pricing and vice versa. Ugur (2005) brought out that expected inflation and real returns are not correlated. The results suggest there is a negative relationship between inflation and stock returns which may be caused by the negative impact of unexpected inflation on stock returns. Tamtom (2002) indicated that a negative long-run relationship exist between stock prices and inflation; in turn implying that higher stock prices are associated with lower inflation contrary to recent proposals. It is a common belief that inflation is advantageous to common stock. This is majorly because it is argued that inflation increases the returns to shareholders since price of products rise faster than wage rates. The expected relationship between inflation and returns to owners of equity would be valid if business firms were debtors and if the current interest rates on debt finance failed to reflect the future changes in the price level (Owolabi & Adegbite, 2013).

**Market Capitalization**

Market capitalization is the market value at a point in time of the shares outstanding of a publicly traded company, being equal to the share price at that point of time times the number of shares outstanding. As outstanding stock is bought and sold in public markets, capitalization could be used as an indicator of public opinion of a company's net worth and is a determining factor in some forms of stock valuation (Wikipedia, 2016). Market Capitalization (Market Value): Market capitalization (also known as market value) is the share price times the number of shares outstanding. The product of the total number of issued and fully paid shares of a company and its current price on a recognized exchange. Listed domestic companies are the domestically incorporated companies listed on the country's stock exchanges at the end of the year (Lawal & Ijirshar, 2013).

Market capitalization represents the aggregate value of stock. It is obtained by multiplying the number of shares outstanding by their current price per share. For example, if XYZ company has 15,000,000 shares outstanding and a share price of $20 per share then the market capitalization is 15,000,000 x $20 = $300,000,000. Generally, the U.S. market recognizes three market cap divisions: large cap (usually $5 billion and above), mid cap (usually $1 billion to $5 billion), and small cap (usually less than $1 billion), although the cutoffs between the categories are not precise or fixed.
Also, empirical research into this relationship for developing countries until recently has been dominated by cross-country studies, owing to the insufficient length of the available time series data (Adjasi and Biekpe 2006, Yartey and Adjasi 2007, Enisan and Olufisayo 2009). This presumed relationship has generated its fair share of controversy within economic literature and there is need for further investigation to improve understanding of this link, owing to the importance of the stock market to investors (Jideofo, 2007).

**Inflation Rate**

Evidence shows that the countries that have an average rate of inflation can have a well-developed financial sector than the countries that have a high inflation rate. Boyd, Levine, & Smith (1996 and 2001) found a negative relationship between inflation and stock market development for countries where the Inflation rate is low to average. However, for the high inflation countries when there is additional increase in inflation the marginal impact of inflation on stock market development decreases rapidly. Ghazouani (2004) also found the similar insignificant results that the increase of inflation is not hurtful to the stock market development. The proxy used for Inflation (INF) is Inflation consumer prices (annual %).

The Inflation rate shows the rate of change in prices in the economy. Documented evidence shows that an economy’s performance measures and inflation rate are negatively correlated when the inflation rate is very high enough. Boyd, Levine, & Smith (1996 and 2001) try to study the empirical relationship between long run inflation rate and economy financial system performance. The study result shows countries with inflation rate below a critical level (average inflation below 15 percent) there is a strong negative correlation between inflation rate and performance of financial markets but an incremental increase in inflation rate in high inflation countries (Countries with average inflation rate above 15 percent) can have a minimal impact on stock market development meaning no significant relationship between inflation rate and stock market development. Ghazouani (2004) extend the work of Boyd et al to the MENA region and found that whatever the inflation rate is the minimal increase in inflation is not hurtful to the financial sector performance. Garcia and Liu (1999) found insignificant and negative impact of inflation on market capitalization and argued that macroeconomic stability does not have any impact over stock market capitalization. Naceur, Ghazouani, & Omran (2007) found a negative and significant impact of macroeconomic stability (As inflation rate) on stock market capitalization. However, Kalim & Shahbaz (2009) found a positive minimal impact of inflation on stock market development. Shahbaz, Ahmed, & Ali (2008) also found positive association between inflation and stock market development and argued that Pakistan Stock market provides hedge against inflation so they may become the safe place for investors to invest in. The review of the above literature suggest us the role of FDI in developing stock markets of different countries in different areas of the world. Our study seeks to fill any gap in literature because in past three to four years major political and economic changes occurred in Pakistan so these changes have a very significant effect on its economy measures.

**Determinants and Causes of Inflation**

Exchange rate is a major determinant of inflationary rate in Nigeria. It is the value of the domestic currency in terms of foreign currency (Owolabi & Adegbite, 2013). On the other hand, foreign exchange is the actual foreign currency or various claims (bank deposits or promises to pay) on it that are traded for each other (Christal and Lipsey, 1999). Exchange rate changes can affect the relative prices, thereby the competitiveness of domestic and foreign producers. A significant appreciation of the domestic currency makes domestic goods expensive relative to foreign goods resulting in a shift of demand away from domestic to foreign goods. The effect of such a shift on the economy is reduction of demand pull inflation.

Another measure of inflation or price movements is the GDP Deflator. This is available on an annual basis. However, it is rarely used as a measure of inflation. This is because the CPI represents the cost of living and is, therefore, more appropriate for measuring the welfare of the people. Furthermore, because CPI is available on a more frequent basis, it is useful for monetary policy purposes (Aminu & Anono 2012). The structuralists attribute the cause of inflation to structural factors underlying characteristics of an economy (Adams, 2000).
According to Adams 2000, in the developing countries, particularly those with a strong underground economy, prevalent hoarding or hedging, individuals expect future prices to increase above current prices and, hence, demand for goods and services are not only transactionary, but also precautionary. This creates artificial shortages of goods and reinforces inflationary pressures. There is a view that the primary cause of inflation in developing countries is the recourse to money creation in the face of limited borrowing to finance large fiscal deficits – the “public finance view” of inflation (Agenor & Montiel 1996). Changes in money supply, credit to government by banking system, government deficit expenditure, industrial production and food price indices are underlined factors that contribute to inflationary tendencies in Nigeria (Awogbemi & Taiwo 2012). Increase in government expenditure financed by monetization of oil revenue and credit from banking system could also be responsible for the expansion of money supply which in turn (with lagged effect) contributes to inflationary tendencies (Owolabi & Adegbite, 2013).

Empirical Frameworks
Several attempts have been made by previous writers to link the correlation between inflation rate and the capital market performance in Nigeria. Owolabi and Adegbite (2013) All the measures showed a negative relationship to inflation except MVOL which showed a deviation from a priori expectation as revealed by the positive correlation between inflation and the market volume. It is therefore concluded that there is a negative relationship between inflation and capital market performance. Daferighe and Charlie, (2012) revealed that these measures were negatively related to inflation in convergence to a priori expectation except for which showed a positive relationship. Engle and Rangel (2005) revealed that a predictable increase in the rate of inflation can slow down financial market development. Bekaert and Engstrom (2007) states that inflation illusion suggest that when expected inflation rises, bond yields duly increase, but because equity investors incorrectly discount real cash flows using nominal rates, the increase in nominal yields leads to equity under-pricing and vice versa. Ugur (2005) brought out that expected inflation and real returns are not correlated. The results suggest there is a negative relationship between inflation and stock returns which may be caused by the negative impact of unexpected inflation on stock returns.
Akinlo (2013) asserts that the results provide evidence in support of Fisher effect in the short run and long run. This simply suggests that stocks are good inflation hedges both in the short and long run. Engle and Rangel (2005) revealed that a predictable increase in the rate of inflation can slow down financial market development. Daferighe and Charlie (2012) revealed that stock market investments are regarded as a good hedge against inflation in Nigeria. Fekadu (2012) shown that an increase in economic growth decreases inflation whereas inflation does not have significant effect on economic growth in the short run. The paper included money supply and exchange rate to control their effects on the relationship between inflation and economic growth. Singh and Kalirajan (2003) suggest that the increase in inflation from any level has negative effect on economic growth. Tabi and Ondoa (2011) result shows that money in circulation causes growth and growth causes inflation. Nell (2000) results indicate that even during periods when deflationary policy yielded growth benefits as a result of a more stable economic environment, the costs of deflation outweighed the benefits. Saaed (2007) found a strong long term inverse relationship between CPI and GDP in Kuwait from the data covering 20 years. Reference 20 found a long term negative relationship between inflation and economic growth in Bangladesh. Sergii, (2009) findings were that inflation rate above 8 percent tend to slow down economic growth while below 8 percent promotes economic growth. Espinoza, Thomas and Piana (2010) money supply and exchange rate influence on economic growth and inflation. Fabayo and Ajilore (2006) inflation impacted negatively on the growth performance of the economy while below it, the inflation-growth relationship is significantly positive.
Prior studies show positive and negative significant/ correlation between inflation and market indicators and economic development as well. With this, there is the need to empirically examine the effect of inflation rate on capital market performance in Nigeria.
METHODOLOGY

Research Design
Ex post fact research design was adopted for this study. This is aspect of statistic that involves the various techniques of describing data collections which does not manipulated by the researcher.

Source of Data Collection
To obtain reliable information that will help the researcher to ensure the effectiveness of the study in question, data were collected from only secondary sources. This data obtained from CBN Statistical Bulletin (1999-2016). These data include; Inflation rate, All share index, market capitalization and value of domestic share traded. The data will cover eighteen years from 1999 to 2016.

Method of Data Analysis
However, to achieve the objectives of this study which shows functional relationship that exist between the dependent variable and it respective independent variables. In this study, inflation rate (INF) position is made the endogenous variable while all share index, market capitalization and value of domestic share traded is the explanatory variables. In analysis of the data collected, variables used will be tested with Pearson Correlation to determine the significant relationship among the variables with the aid of Statistical Package for Social Sciences (SPSS) at 95% confidence.

Decision Rule
The decision for the acceptance and rejection of alternative hypothesis and null hypothesis depends on the coefficient of determination (R) tested at 5% significance level.

Model Specification
The following models are formulated for this study:

\[
\begin{align*}
\text{INFR} &= \beta_1 \text{MKTCAP} + e \quad \text{----------------------------------------1} \\
\text{INFR} &= \beta_2 \text{ALSHIND} + e \quad \text{----------------------------------------2} \\
\text{INFR} &= \beta_3 \text{VDSHT} + e \quad \text{----------------------------------------3} \\
\text{INF} &= \text{Inflation Rate} \\
\text{MKTCAP} &= \text{Market Capitalization} \\
\text{ALSHIND} &= \text{All share index} \\
\text{VDSHT} &= \text{Value of Domestic share traded} \\
e &= \text{stochastic variables or error terms.} \\
\beta_1 &= \text{Coefficients of the models}
\end{align*}
\]

DATA PRESENTATION AND ANALYSIS

Test of Hypotheses

Hypothesis One
\( H_0; \) There is no correlation between inflation rate and Nigerian all share index.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>INFR</th>
<th>ALSHIND</th>
</tr>
</thead>
<tbody>
<tr>
<td>INFR</td>
<td>1</td>
<td>-.383</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.143</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>ALSHIND</td>
<td>-.383</td>
<td>1</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td>.143</td>
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<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

Undoubtedly, from the above figure, correlation coefficient of -0.383 indicates negative correlation between inflation rate and all share index. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is -0.383 x -0.383 = 0.1467. It implies that inflation rate help to explain 15% of the variance in all share index which in return affect the performance of capital market in Nigeria. As a result, the strength between the two is very weak. This is also proved with the help of coefficient of determination as it is just the square of the correlation i.e. r value. Thus, all share
index explains almost negligible percentage of variance in inflation rate. It means that correlation coefficient is not significant at the 0.05 level. The study reject alternative hypothesis and accept null hypothesis which states that there is a negative correlation between inflation rate and Nigerian all share index.

**Hypothesis Two**

H\(_0\): There is no significant correlation between inflation rate and market capitalization in Nigeria.

### Correlations

<table>
<thead>
<tr>
<th></th>
<th>INFR</th>
<th>MKTCAP</th>
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<tbody>
<tr>
<td>INFR</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.169</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>MKTCAP</td>
<td>Pearson Correlation</td>
<td>-.362</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.169</td>
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<tr>
<td>N</td>
<td>16</td>
<td>16</td>
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</tbody>
</table>

From the above figure, correlation coefficient of -0.362 indicates negative correlation between inflation rate and market capitalization. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is -0.362 x -0.362 = 0.1310. It implies that inflation rate help to explain 13% of the variance in market capitalization which in return affect the performance of capital market in Nigeria. As a result, the strength between the two is very weak. This is also proved with the help of coefficient of determination as it is just the square of the correlation i.e. r value. Thus, market capitalization explains almost negligible percentage of variance in inflation rate. It means that correlation coefficient is not significant at the 0.05 level. The study reject alternative hypothesis and accept null hypothesis which states that there is a negative correlation between inflation rate and market capitalization in Nigerian.

**Hypothesis Three**

H\(_0\): The level of inflation rate has no correlation with the value of domestic share traded in Nigeria.

### Correlations

<table>
<thead>
<tr>
<th></th>
<th>INFR</th>
<th>VDSHT</th>
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</thead>
<tbody>
<tr>
<td>INFR</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.277</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>VDSHT</td>
<td>Pearson Correlation</td>
<td>-.289</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.277</td>
</tr>
<tr>
<td>N</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

From the above figure, correlation coefficient of -0.289 indicates negative correlation between inflation rate and value of domestic share traded. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is -0.289 x -0.289 = 0.084. It implies that inflation rate help to explain 8% of the variance in value of domestic share traded which in return affect the performance of capital market in Nigeria. As a result, the strength between the two is very weak. This is also proved with the help of coefficient of determination as it is just the square of the correlation i.e. r value. Thus, value of domestic share traded explains almost negligible percentage of variance in inflation rate. It means that correlation coefficient is not significant at the 0.05 level. The study reject alternative hypothesis and accept null hypothesis which states that there is a negative correlation between inflation rate and value of domestic share traded in Nigerian.
DISCUSSION OF FINDINGS
From the hypotheses tested, there is a negative correlation between inflation rate and Nigerian all share index. Also there is a negative correlation between inflation rate and market capitalization in Nigerian. Another finding is that there is a negative correlation between inflation rate and value of domestic share traded in Nigerian. It implies that inflation rate help to explain 15% of the variance in all share index, market capitalization and value of domestic share traded which in return affect the performance of capital market in Nigeria. As a result, the strength between the two is very weak.
This result is in line with the Owolabi and Adegbite (2013) who showed a negative relationship to inflation except MVOL which showed a deviation from a priori expectation as revealed by the positive correlation between inflation and the market volume. It is therefore concluded that there is a negative relationship between inflation and capital market performance. Omoke and Ugwuanyi (2010) findings revealed no existence of a cointegrating vector in the series used. Money supply was seen to Granger cause both output and inflation. Engle and Rangel (2005) study revealed that a predictable increase in the rate of inflation can slow down financial market development. Daferighe and Charlie, (2012) revealed that these measures were negatively related to inflation in convergence to a priori expectation except for TOR which showed a positive relationship. This seemly low level of influence of inflation ranging between 14.6% and 0.3% revealed that stock market investments are regarded as a good hedge against inflation in Nigeria.

CONCLUSION AND RECOMMENDATIONS
Conclusion
Inflation rates in Nigeria have persistently been two-digits and considering its impact on the performance of the capital market. This study presents preliminary evidence of the influence of inflation (INF) on measures of capital market performance; market capitalization, total value of domestic shares traded and All-share Index for sixteen years.
This is an indication that the effect of inflation on performance of Nigerian capital market is weak. All the measures show a negative relationship to inflation rate.
A look at the analysis table reveals that, inflation accounts for just, 15%, 13% and 8% influence on value of all share index, market capitalization and domestic share traded respectively. These low levels of influence of inflation on measures of capital market performance show that investments in the market are regarded as a good hedge against inflation in Nigeria.
However, a predictable increase in the rate of inflation can slow down financial market development. Inflation, a tax on real balance, reduces real returns to savings which in turn causes an informational friction afflicting the financial system. These financial market frictions results in credit rationing and thus limit the availability of investment and finally this reduction in investment adversely impacts economic growth.
Recommendations
Based on the findings made in the course of this study, the following recommendations are hereby suggested.
1. All factors which cause an increase in the general price levels in the capital market such increase in all shares should be addressed with the appropriate policies so as to foster market stability.
2. The attention of policy making bodies is necessity to aim at macroeconomic policies which provide cost efficiency and route for a steady and sustainable market capitalization.
3. The Central Bank of Nigeria (CBN) should design and use policy instruments that will maintain inflation at a reasonably low level so that it will not wear away the real value of share.
REFERENCES


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